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TO RUEHBY/AMEMBASSY CANBERRA IMMEDIATE 5192
INFO RUEHTV/AMEMBASSY TEL AVIV 9311
RUEHJM/AMCONSUL JERUSALEM 5634

UNCLAS STATE 093770

SIPDIS

E.O. 12958: N/A
TAGS: [EAID](#) [ECON](#) [EFIN](#) [KWBG](#) [PGOV](#) [PREL](#) [OPDC](#) [IS](#)
SUBJECT: MESSAGE FROM SECRETARY CLINTON TO AUSTRALIAN FM
SMITH

REF: STATE 80039

¶1. This is an action request. Post is requested to deliver the letter in para 2 from Secretary Clinton to Foreign Minister Smith in response to his August 26 correspondence.

¶2. Begin text of letter:

Dear Mr. Minister:

Thank you for your letter of August 26 and for taking new action to further our shared goal of a two-state solution to the Israeli-Palestinian conflict and a comprehensive peace between Israel and its neighbors. President Obama and I are committed to achieving this goal, and Senator Mitchell is working intensively for the prompt resumption of negotiations and the early conclusion of a peace agreement establishing an independent Palestinian state alongside Israel and comprehensive peace in the Middle East.

Ensuring the continued viability of a Palestinian Authority (PA) that can effectively respond to the needs of the Palestinian people and act as a genuine partner for peace is central to this effort. Your contribution of an additional \$10 million in budget support in 2009, in addition to your other support for the Palestinian people, will help the PA meet its immediate budget needs. Despite your support and that of other international donors, including the United States, the PA still may face a year-end deficit of as much as \$250 million. I encourage you to assess if additional budgetary assistance can be made available to ensure that the PA avoids fiscal default and collapse. In addition, your government's help in reaching out to other countries in your region, such as Japan, Indonesia and China, to explain the importance of budget support for the PA would constitute one practical way that Australia can help to create the conditions for peace.

We are encouraging Israel, the Palestinians, and Arab states to take meaningful steps that create the context for peace and the resumption of successful negotiations. For the Israelis, this means stopping settlement activity and taking other measures to improve the daily lives of Palestinians and live up to Roadmap obligations. For the Palestinians, this means taking action to prevent terror and incitement and redoubling efforts to reform Palestinian institutions. For the Arab states, this means taking concrete steps toward peace and a thaw in relations with Israel in the spirit of the Arab Peace Initiative. Australia's help in reinforcing this message with all of the stakeholders, including Indonesia, would be of valuable help to our efforts.

The U.S. Embassy in Canberra as well as the Department of State's Bureau of Near Eastern Affairs are available to

provide your ministry with any information that may be
useful for your efforts in helping achieve a comprehensive
Middle East peace.

Sincerely yours,

Hillary Rodham Clinton

End text of letter.
CLINTON